

FINANCIAL REVIEW GUIDE

Requirements and Examples

This attachment provides examples of the reporting format and content requirements for the Financial Review Process for non-tax credit properties within the Small Scale AM portfolio. Any variation to the format or contents of the reporting requirements detailed below requires prior approval. Contact Troy Thelen at MSDHA to request the approval. The following items must be included:

Balance Sheet

Federal Tax Return

Financial Summary

Balance Sheet

The following list of accounts must be separated on the balance sheet:

- All partnership accounts must be separated from operating accounts
- Residents receivable
- Value of real estate *before* depreciation
- All escrow balances

Federal Tax Return

The following detail must be included with the Financial Statement or Federal Tax Return:

- If a single entity owns several properties, each property must be broken out in a separate schedule to give proper insight into each property's financial viability.
- Additional income and expense detail must be provided if the Federal Tax Return does not provide the necessary detail for each income or expense item listed in the budget.
- A 3rd party prepared financial statement may be submitted in lieu of a Federal Tax Return with prior approval from the assigned Asset Manager.

Financial Summary

In a separate document, each development must:

- Briefly summarize the financial challenges faced at the site and also provide a short explanation on how ownership plans to counter these concerns.
- Disclose the complete ownership entity of the development (detail and example below).

Ownership Percentages

- The names of all general partners and their percentage of ownership
- The names of all limited partners with ownership interest equal to or greater than 25%
- The names of all Board Members' positions and terms for those developments organized as a non-profit corporation.

Example

The General/Limited Partners of the Partnership are:

Managing General Partner - James Jones	.45%
General Partner - Ben Brown	.55%
Limited Partner - Sam Smith	99%